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Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00
PA-01 USIA-06 PRS-01 SP-02 /039 W
----------260614Z 046096 /11
R 260029Z JAN 77
FM AMEMBASSY KUALA LUMPUR
TO SECSTATE WASHDC 6005
INFO AMEMBASSY BANGKOK
AMEMBASSY CANBERRA
AMEMBASSY JAKARTA
AMEMBASSY LONDON
AMEMBASSY MANILA
AMEMBASSY SINGAPORE
AMEMBASSY WELLINGTON

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E.O. 11652: N/A
TAGS: PGOV, PINT, MY
SUBJECT: ARUN CONVICTED IN BANK RAKYAT CASE

REF: (A) 76 KUALA LUMPUR 6827, (B) 76 KUALA LUMPUR 2833

1. SUMMARY. DATUK HARUN KDRIS WAS CONVICTED ON JAN 24 OF FORGERY AND ABETMENT IN CRIMINAL BREACH OF TRUST IN THE BANK RAKYAT CASE AND WAS SENTENCED TO SIX MONTHS IN JAIL AND FINED $6,000. HE GAVE NOTICE OF APPEAL AND IS FREE ON $40,000 BAIL. HARUN'S SENTENCE WAS THE LIGHTEST GIVEN THE THREE DEFENDENTS IN THE CASE, THE JUDGE CITING HARUN'S HIGH POSITION AND THE ORDEAL OF HIS 59 DAY TRIAL AS MITIGATING FACTORS. IRONICALLY, THE JUDGE ALSO SAID THAT HE HAD NOT ALLOWED POLITICCS TO ENTER THE CASE. END SUMMARY.

2. FORMER SELANGOR CHIEF MINISTER ANDUMNO YOUTH CHIEF DATUK HARUN IDRIS WAS SENTENCED IN THE HIGH COURT
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JAN 24 TO SIX MONTHS IMPRISONMENT FOR FORGERY AND FINED M$15,000 (US$6,000) FOR ABETMENT IN CRIMINAL BREACH OF TRUST IN THE CASE INVOLVING BANK RAKYAT AND FINANCING FOR THE 1975 ALI-BUGNER PRIZEFIGHT.
THE JUDGE, JUSTICE EUSOFFE ABDOOLCADER, SAID THAT THIS WAS THE LIGHTEST POSSIBLE SENTENCE (A JAIL TERM IS MANDATORY) AND THAT HE TOOK INTO ACCOUNT THE FACT

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THAT HARUN HAD NOT PERSONALLY BENEFITED FROM THE
ACTIONS THAT LEDTO THE TRIAL. THE JUDGE ALSO SAID
THAT HARUN WAS A LEADER WHO HAD HELD VERY HIGH
POSITIONS AND RENDERED VALUABLE SERVICE TO THE
COUNTRY AND THAT HIS REAL PUNISHMENT WAS THAT HE HAD
BEEN CHARGED IN COURT AND HAD TO STAND TRIAL FOR 59 DAYS.

3. THE OTHER DEFENDANTS IN THE CASE, DATUK ABU
MANSOR MOHD BASIR, FORMER CHAIRMAN OF BANK RAKYAT, AND
ISMAIL DIN, ITS FORMER GENERAL MANAGER, WERE SENTENCED
TO TSO YEARS JAIL AND M$25,000 (US$10,000) FINE
AND ONE YEAR JAIL AND M$15,000 (US$6,000) FINE,
RESPECTIVELY. THE JUDGE SAID THAT ALTHOUGH ALL THREE
MEN WERE GUILTY OF FORGING THE MINUTES OF A BANK
MEETING IN ORDER TO CHEAT THE BANK, MANSOR AND ISMAIL
WERE GIVEN HEAVIER SENTENCES BECAUSE THEY WERE PAID
EMPLOYEES OF THE BANK WHILE HARUN'S SERVICES WERE VOLUNTARY.

4. COMMENTING ON THE CASE, THE JUDGE SAID THAT THE
ACTIVITIES OF THE BANK "DISCLOSED A DEPLORABLE, SORDID
AND SCANDALOUS STATE OF AFFAIRS AND A BLATANT AND
OUTRAGEIOUS DISREGARD FOR THE COOPERATIVE SOCIETIES
ORDINANCE, RULE AND BY-LAWS, WITH VITRUAL CARTE
BLANCHE TO HAUN AND MANSOR...NOT UNAIDED BY THE
APATHY AND ACQUIESCENCE OF THE DIRECTORS." THERE WAS,
SAID THE JUDGE, FOR INSTANCE, THE "INCREDIBLE SCANDAL"
OF THE BANK'S 1972 AND 1973-74 ACCOUNTS, WHHICH WERE
NOT ONLY NOT APPROVED BY THE REGISTRAR OF COOPERATIVE
SOCIETIES AS REQUIRED BY LAW, BUT ALSO WERE ALLOWED
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TO BE PRESENTED TO AND PASSED BY THE ANNUAL GENERAL
MEETING WITH THE REGISTRAR'S REPRESENTATIVE PRESENT
AND WITHOUT ANY PROTEST OR COMPLAINT REGISTERED BY HIM.

5. THE JUDGE NOTED THAT "POLITICAL UNDERTONES AND
OVERTONES" HAD BEEN INJECTED INTO THE TRIAL," BUT I
MUST MAKE IT ABUNDANTLY CLEAR THAT I HAVE ONLY ALLOWED
SUCH MATTER AS IS STRICTLY AND PROPERLY RELEVANT TO
THE CASE, AND PARTICULARLY THAT FOR THE DEFENSE....THE
MATTER BEFORE ME WOULD APPEAR AS CLEAR A CASE
AS ONE CAN EQUATE WITH DIPPING ONE'S HANDS INTO ANOTHER'S
TILL ON A FRIDAY AFTERNOON FOR A WEEKEND SPLURGE WITH THE
EXPECTATION, UNFORTUNATELY UNREALIZED, OF BEING ABLE TO
RESTORE OR REIMBURSE ON THE MONDAY MORNING THE OWNER OF
THE TILL." THEJUDGE SAID THE PRE-EMINENCE OF DATUK
HARUN AT THE MATERIAL TIME "WHICH HAS BEEN RAISED
AND RLIED ON BY THE DEFENSE, AND THE CONFIDENCE
AND FAITH OF THE DIRECTORS OF THE BANK IN THE
ABILITY, WISDOM, GUIDANCE AND LEADERSHIP OF DATUK

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MANSOR AND ISMAIL DIN CAN BE NO REASON OR EXCUSE FOR
THEM TO TRANSCEND THE LAW...I REPEAT...OURS IS A
SYSTEM OF LAW WHICH NO EXPEDIENCY CAN WARP AND NO
POWER CAN ABUSE WITH IMPUNITY."

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6. COMMENT. THIS IS HARUN'S SECOND TRIAL AND
CONVICTION AND A NUMBER OF CHARGES ARE STILL PENDING
AGAINST HIM WHICH THE GOVERNMENT MAY CHOOSE TO
PROSECUTRE. AS IN HIS FIRST CONVICTION, HARUN WILL
APPEAL TO THE FEDERAL COURT AND POSSIBLY TO THE PRIVY
COUNCIL IN LONSON, A TIME CONSUMING PROCESS. HIS
CONVICTIONS BAR HIM FROM HOLDING PUBLIC OFFICE, ALTHOUGH
HE CAN CONTINUE TO TAKE HIS SEATS IN THE FEDERAL AND
STATE LEGISLATURES UNTIL THE APPEAL PROCESS IS EXHAUSTED.
HOWEVER, NOTHING IN THE UMNO CONSITITUTION PREVENTS A
CONVICTED FELON FROM PARTICIPATING IN PARTY COUNCILS
THUS HARUN'S POLITICAL FUTURE HAS NOT BEEN CUT OFF. (WE
FIND IT IRONIC THAT THE JUDGE SHOULD SPECIFICALLY NOTE
THAT POLITICS DID NOT ENTER THE CASE, THEN GIVE HARUN
THE LIGHTEST POSSIBLE SENTENCE BECAUSE OF HIS "HIGH
POSITIONS." THIS IRONY IS UNDOUBTEDLY NOT LOST ON
HARUN'S UMNO SUPPORTERS.) THERE HAS BEEN TALK OF A PARDON
BY THE KING, ALTHOUGH THE PRIME MINISTER IS BELIEVED
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NOT IF FAVOR SUCH A COURSE. A LIKELY SCENARIO WOULD
BE FOR HARUN TO BE KEPT BUSY IN COURT FOR THE NEXT
YEAR OR TWO WHILE CONTINUING TO LEAD HIS SUPPORTERS
IN UMNO, PARTICULARLY UMNO YOUTH, FROM OFF-STAGE. IF
THE GOVERNMENT PROSECUTES HIM ON THE REMAINING CHARGES
HE WOULD NOT SEEM TO BE POLITICALLY (AS CONTRASTED WITH
LEGALLY) ELIGIBLE TO RUN FOR THE DEPUTY PRESIDENCY OR
A VICE PRESIDENCY OF UMNO AT THE 1978 GERNAL ASSEMPLY,
A SITUATION THAT SHOULD ACCORD WITH DATUK HUSSEIN'S
SENSE OF THE FITNESS OF THINGS AND SHOULD MAKE IT EASIER
FOR DR. MAHATHIR TO BE ELECTED DEPUTY PRESIDENT.
SUBSEQUENTLY, A PARDON WOULD NOT BE OUT OF ORDER AS HE IS
A VERY POPULAR FIGURE AMONG THE MALAYS AND HAS, IN FACT,
DONE GOOD WORK FOR THE PARTY.
UNDERHILL

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